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VIEWPOINT

Save yourself, and start sooner!

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This is my first sermon for the newly minted "Church of Savin-tology." I don't care about saving your soul, I just want you to be a better saver of your hard-earned income. Our version of the golden rule says: He who saves his gold, rules in retirement. We live in a consumer-driven society that constantly challenges us to keep up with our neighbors. We are bombarded with pressures to buy the biggest house we can afford and furnish it appropriately. We must drive the nicest car and take the coolest vacations. We have become magnificent spenders, but lousy savers. How did we get this way?

It started when we were teen-agers and our parents taught us what they thought were the important life lessons. "Don't do drugs." "Always drive safely." "Abstain from sex (or if you give in, by all means do it safely)." But rarely was there one mention of being a good saver.

An important key to being a great saver is starting young. Young people are aggressive spenders, and non-savers. People in their 20s and 30s are buying their first and second houses. Some are lucky to simply make the minimum monthly payments on their credit cards. In our church, uncontrolled spending is a sin.

It is a financial tragedy that young people fail to make saving a high priority. The compounding effect of even a conservative return on a dollar invested for 40 to 50 years makes a huge difference. Assuming retirement at age 65, a dollar saved at age 25 will grow exponentially compared to a dollar saved at age 55. It's the difference between a retirement filled with caviar or cat food.

There are three commandments to becoming an enlightened saver.

1. Tithe thyself. I first saw this word on a banner in my church in 1970. I learned that tithing was a biblical concept that required the faithful to give 10 percent of earnings to the church. We are borrowing this concept and urging our flock to save at least 10 percent of your gross earnings from the time you first start working. A very special place in retirement heaven waits for those with the discipline to save 15 percent to 20 percent or more each year.

Here is a trick to reaching your savings goal: At your bank, set up an automatic periodic transfer from your checking account into your savings or investment account. My father called this concept "paying yourself first." It works for even the worst savers.

2. Maximize the use of IRAs and 401(k)s. One of the best things in the federal tax code is the breaks for deposits into retirement accounts. If no 401(k) is offered at work, try to max out your personal IRA every year. Even the worst spenders in our congregation can find a comfortable retirement by maxing out retirement plans. For many, your tithing obligation can be fully satisfied by using your retirement plans.

3. Have a trusted financial or tax adviser prepare illustrations showing the anticipated growth of savings starting at varying ages. Assume about $3,000 saved each year, growing at a compounded rate of 8 percent. Illustrate the difference between starting at ages 25, 35, 45 and 55. The differences are staggering. You can see the power of the early savings and appeal to the greed in a young person's heart.

Our retirements will be a direct result of our savings discipline. Cat food or caviar? Can I get an "Amen" from the big spenders in the back row?

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